



JOHN MORRELL & CO

MVP PROGRAM

(Minimum Value Protection)

Overview

John Morrell & Co. has designed its Minimum Value Protection (MVP) Program with the small to medium-sized pork producer specifically in mind. Our smaller producers have told us that they would like to participate in a program that reduces their risk from periodic declines in live hog market prices. By guaranteeing a minimum value (or floor price) for a producer's hogs over a three-year period, the MVP Program offers just this benefit, while preserving the opportunity for the producer to realize the full market value of his hog production over the life of the program.

Who May Participate

Producers who produce at least 1,500 head of market hogs per year, are in the Pork Quality Assurance Program (at or actively working to obtain Level III) and meet Morrell's other quality assurance standards and requirements may participate in the MVP Program. Morrell reserves the unconditional right to offer or deny the privilege to participate in the MVP Program to any producer.

How the MVP Program Works

A participating producer agrees to sell 100% of his production of market hogs to Morrell for the three-year period that the MVP Program is in effect. During this period, the contract price for the producer's hogs will be not less than an established floor price of \$40.00/cwt. Morrell will maintain a separate ledger account reflecting Morrell's purchases of market hogs from the producer. At the beginning of the three-year period, the producer's ledger account will have a balance of zero but at any time during the three-year period, the account may have a positive or a negative balance.

Whenever the market price of live hogs is less than or equal to the floor price, Morrell will pay the producer based on the \$40.00/cwt. floor price, and will reduce the balance of the producer's ledger account by the difference, if any, between the market price and the floor price per hundred weight of delivered

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